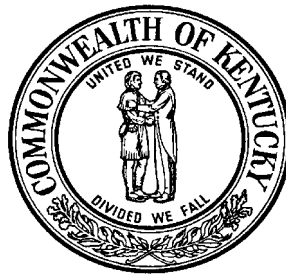


**REPORT OF THE AUDIT OF THE
CASEY COUNTY
CLERK**

**For The Year Ended
December 31, 2001**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CASEY COUNTY CLERK

**For The Year Ended
December 31, 2001**

The Auditor of Public Accounts has completed the Casey County Clerk's audit for the year ended December 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$4,688 from the prior calendar year, resulting in excess fees of \$55,922 as of December 31, 2001. Revenues increased by \$129,295 from the prior year and disbursements increased by \$133,983.

Deposits:

As of April 5, 2001, \$9,626 of the Clerk's deposits were uninsured and uncollateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald Wright, Casey County Judge/Executive
Honorable Eva S. Miller, Casey County Clerk
Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Casey County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Casey County Clerk for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald Wright, Casey County Judge/Executive
Honorable Eva S. Miller, Casey County Clerk
Members of the Casey County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 21, 2002

CASEY COUNTY
EVA S. MILLER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2001

Receipts

State Grants		\$	20,710
State Fees For Services			5,205
Fiscal Court			2,663
Licenses, Taxes, Fees, and Permits:			
Motor Vehicle-			
Licenses and Transfers	\$	355,075	
Usage Tax		748,353	
Tangible Personal Property Tax		844,002	
Licenses-			
Fish and Game		9,082	
Marriage		3,657	
Occupational		611	
Deed Transfer Tax		22,666	
Delinquent Tax		50,537	2,033,983
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	13,652	
Real Estate Mortgages		19,348	
Chattel Mortgages and Financing Statements		41,618	
Powers of Attorney		1,344	
All Other Recordings		12,645	
Charges for Other Services-			
Phone Calls, FAX, and Postage		672	
Copywork		2,337	91,616
Other:			
Candidate Filing Fees	\$	100	
Title Applications		7,757	
Miscellaneous		635	8,492
Interest Earned			2,722
Total Receipts		\$	2,165,391

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY
 EVA S. MILLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2001
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 271,245

Usage Tax 725,518

Tangible Personal Property Tax 276,514

Licenses, Taxes, and Fees-

Fish and Game 8,781

Delinquent Tax 7,454

Legal Process Tax 12,610 \$ 1,302,122

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 44,604

Delinquent Tax 3,838

Deed Transfer Tax 21,533

Occupational Licenses 540 70,515

Payments to Other Districts:

Tangible Personal Property Tax \$ 488,974

Delinquent Tax 25,590 514,564

Payments to Sheriff

1,095

Payments to County Attorney

7,715

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 86,942

Training Incentive 2,189

Contracted Services-

Advertising 208

Printing and Binding 2,000

Internet Services 216

Tax Bill Preparation 2,605

Postage 3,890

Indexing - Local Records Grant 20,710

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY
 EVA S. MILLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2001
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Materials and Supplies-			
Office Supplies	\$	10,961	
Other Charges-			
Conventions and Travel		2,232	
Dues		400	
Bonds		564	
Bank Charges		141	
Utilities		7,479	
Refunds		1,856	
Miscellaneous		137	
Capital Outlay-			
Office Equipment		5,212	
Copy Machine Maintenance		810	
		<u>810</u>	\$ <u>148,552</u>
Total Disbursements			<u>\$ 2,044,563</u>
Net Receipts			\$ 120,828
Less: Statutory Maximum			<u>61,306</u>
Excess Fees			\$ 59,522
Less: Expense Allowance			<u>3,600</u>
Excess Fees Due County for 2001			\$ 55,922
Payments to County Treasurer - January 31, 2002	\$	48,000	
October 21, 2002		<u>7,922</u>	<u>55,922</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

CASEY COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2001
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The County Clerk entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of April 5, 2001, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$9,626 of public funds uninsured and unsecured.

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of April 5, 2001.

	<u>Bank Balance</u>
FDIC Insured	\$ 117,210
Collateralized with securities held by the county official's agent in the county official's name	135,076
Uncollateralized and uninsured	<u>9,626</u>
Total	<u>\$ 261,912</u>

Note 4. Grants

As of December 31, 2000, the County Clerk had an unexpended local records binding and indexing grant balance of \$4,600. During 2001, the County Clerk received additional grant receipts from the Kentucky Department for Libraries and Archives in the amount of \$20,010. Funds totaling \$20,710 were expended during 2001. The unexpended grant balance is \$3,900 as of December 31, 2001.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald Wright, Casey County Judge/Executive
Honorable Eva S. Miller, Casey County Clerk
Members of the Casey County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Casey County Clerk for the year ended December 31, 2001, and have issued our report thereon dated October 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Casey County Clerk's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Casey County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 21, 2002

